

Company rankings – why some of them can be used as “seals of quality”

Guest commentary by Markus Renner, PhD for “Neue Zürcher Zeitung”, Zurich/Switzerland – one of the most credible and influential newspapers in Europe

Every year more than 500 company rankings are published worldwide. They list companies in rankings according to a variety of topics and criteria. Almost every week a new ranking is added. Many – but by no means all – of those rankings have a great influence on how companies are perceived by their most important stakeholders such as shareholders, clients, business partners or employees.

Most recently the Boston Consulting Group (BCG), for instance, has published the ranking “The World’s Most Innovative Companies”. Both BCG as a renowned institute and the employed methodology – a survey among business leaders worldwide as well as an analysis of company data relevant for innovation – suggest that the ranking is reliable and influential. This is why, from a Swiss point of view, it should give rise to concern that – with Roche on position 39 – only one Swiss company is listed in the top 50 ranking. Confusingly, there are competing rankings, which also claim to identify the “world’s most innovative companies”, for example a ranking by Forbes and another one by Thomson Reuters. Comparing the results of both rankings, one discovers that not one single company appears in both rankings at the same time. One reason for this are the completely different evaluation criteria, on which the two rankings are based. Another confusing example are the so-called brand rankings that claim to estimate the intangible value of global companies. Two of the best-known brand rankings of the rivaling consultancies Interbrand and Millward Brown, for instance, estimate the current brand value of Apple at 170 billion and 246 billion dollars, respectively. A gap of 76 billion dollars – which is more than the GDP of Luxemburg. So it comes as no surprise that the credibility of rankings suffers due to their sheer number and their sometimes contradictory results.

This is the reason why it is so important to differentiate between the good, valuable and dubious, worthless rankings. In order to do this the following questions need to be answered:

- What institution or media have created or published the company ranking? Do these sources enjoy a high credibility and a good reputation?
- Do the ranking results reach the most important stakeholders and do the latter perceive the key results and messages in the necessary intensity?
- Are the rankings published regularly so that they permit comparisons and make it possible to make out developments and trends over a longer period of time?
- Are the evaluation criteria objective, transparent and comprehensible? Is it clear according to what criteria the winners and losers were determined?
- Are the ranking topics – such as “the best innovators”, “the most sustainable companies”, “the best employers” or „the most valuable company brands” – at all relevant to the respective company?
- Who decides who is top or flop? In other words: Are the winners determined based on a representative survey among relevant stakeholders – or by a questionable jury that decides on the result hidden behind closed doors?

Whoever makes the effort to filter the numerous rankings by these criteria will receive valuable information on the respective intangible value of a company. And the companies that are listed among the top positions can promote these “seals of quality” from a credible and independent source.

Markus Renner, PhD is Co-Chairman of the International Brand and Reputation Community (INBREC), Co-Owner of the Swiss Branding-Institute CMR AG and Visiting Professor for Marketing & Reputation at Henley Business School (UK).